**Key questions**

**Situation**
- Are you meeting and beating industry average benchmarks, such as Operating Margins?
- Is Return-on-Capital greater than your Cost of Capital?
- Do you know what your profit and cash flow drivers are?
- Is overall debt increasing?
- Are you falling behind on payments or experiencing negative cash flow?
- Do liabilities exceed Assets?
- Are you unable to pay bills as they become due?
- Is enterprise value less than the total value of claims?

**Outcomes/Results**
- Transformation underway
- Improved working capital management
- Value based management instituted via Balanced Scorecard or other performance-based compensation
- Culturally engaged workforce

**Solutions offered by Practical Turnaround Thinking Consulting**
- Analyze key ratios through FS analysis
- Determine cost of capital and Return-on-Capital for current initiatives
- Determine Sustainable Growth Rate
- Use Cost Accounting for Break-even Analysis
- Triage: Renegotiate debt; mothball unproductive assets
- Processes in place for return to normal operations
- Time and resources to weigh possible solutions
- Business rescued or merged

**Practical Turnaround Thinking:**
Timeline of Distress to Success

**Under-Performing Company**
- Management-led Correction

**Informal Creditor Workout**
- Develop 13-week cash budget
- Rebuild creditor confidence

**Distressed Company**
- Chapter 11 - Bankruptcy
- Evaluate the total value of claims vs. enterprise value.
- Craft plan of reorganization
- Maximize asset values and manage distribution of proceeds according to Absolute Priority Rule.

**Liquidation**
- Time and resources to weigh possible solutions
- Business rescued or merged

**Dissolution**
- Culturally engaged workforce

**Power of directors and management**
- High $ $$$
- Low

**COST**
- High
- Low
- $ $ $